

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA PRIORITY

C O N F I D E N T I A L STATE 087587

E.O. 11652: GDS

TAGS: ETEL, ELAB, EGEN, SA, US

SUBJECT: ARAB BOYCOTT AND RCA

REF: STATE 64014

1. DURING MEETING WITH AMBASSADOR ALIREZA ON APRIL 9, ARP DIRECTOR DICKMAN RAISED WITH HIM ISSUE OF PENDING APPLICATION BY ITT FOR IMPROVED TELECOMMUNICATION LINKS, INCLUDING USE OF ATLANTIC SATELLITE, BETWEEN U.S. AND SAUDI ARABIA. GENERAL APPLICATION OF ARAB BOYCOTT TO TELECOMMUNICATIONS FIELD POSED PROBLEM FOR US, PARTICULARLY WHEN USG FACED WITH LICENSING NEW OR IMPROVED SERVICES FOR ONE CARRIER (ITT) WHEN ANOTHER U.S. CARRIER (RCA) IS DENIED AN OPPORTUNITY TO COMPETE BECAUSE OF BOYCOTT.

2. IN MAKING PRESENTATION, DICKMAN NOTED THAT INTERNATIONAL TELECOMMUNICATIONS SERVICES HISTORICALLY HAVE BEEN CARRIED ON AMONG NATIONS WITHOUT REGARD TO IDEOLOGICAL OR POLITICAL DIFFERENCES. U.S. FOR EXAMPLE HAD NOT TERMINATED DIRECT TELECOMMUNICATIONS LINKS WITH CUBA OR CHINA, EVEN THOUGH WE HAD SEVERED DIPLOMATIC AND TRADE RELATIONS. FOR A  
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NUMBER OF YEARS, USG HAS DISCOURAGED U.S. TELECOMMUNICATION

CARRIERS FROM SUBMITTING LICENSE APPLICATIONS WHICH WOULD HAVE EFFECT OF PLACING OTHER U.S. CARRIERS AT COMPETITIVE

DISADVANTAGE AND FCC HAD BEEN SUCCESSFUL IN DOING SO UNTIL RECENTLY.

3. IN JANUARY 1975, DICKMAN SAID ITT APPLICATION FOR EXPANDED AND UPGRADED SERVICE TO SAUDI ARABIA WAS ROUTINELY PROCESSED BY FCC AND TEMPORARY AUTHORITY GRANTED WITHOUT GIVING THOUGHT TO BOYCOTT ISSUE. BY MID-1975, WHEN ITT WAS SEEKING PERMANENT AUTHORITY, IT WAS BROUGHT TO OUR ATTENTION THAT RCA COULD NOT COMPETE BECAUSE OF ITS BOYCOTTED STATUS, AND WE HAVE SINCE BEEN FACED WITH DIFFICULT PROBLEM. THUS FAR, FCC HAS CONTINUED TO EXTEND TEMPORARY AUTHORITY TO ITT ON MONTHLY BASIS, BUT ITT HAS NOW SOUGHT AUTHORIZATION TO PROVIDE DIRECT COMMUNICATION VIA THE ATLANTIC SATELLITE, AN AUTHORITY WHICH WOULD PROVIDE ITT EVEN GREATER COMPETITIVE ADVANTAGE OVER RCA WHICH IS BARRED FROM COMPETITION BECAUSE OF BOYCOTT. RCA HAD RECENTLY SUBMITTED AN APPLICATION TO SAUDI ARABIA TO PROVIDE TELECOMMUNICATIONS SERVICES AND WAS SENDING A TEAM TO DISCUSS APPLICATION WITH SAUDI PTT.

4. DICKMAN POINTED OUT THAT IF FCC GRANTED NEW AUTHORITY TO FIRMS THAT ARE NOT ON BOYCOTT LIST TO USE ATLANTIC SATELLITE, WE WOULD EXPECT SUCH A DECISION TO BE CHALLENGED ON LEGAL GROUNDS AND THAT WE COULD QUITE FRANKLY EXPECT THERE WOULD BE APPEALS TO CONGRESS FOR NEW LEGISLATION BLOCKING GRANT OF SUCH AUTHORITY. AT SAME TIME, IF PENDING APPLICATIONS DENIED, THEN USE OF ATLANTIC COMMUNICATION SATELLITE FACILITIES FOR DIRECT LINKS WITH ARAB WORLD WOULD BE LIMITED TO THOSE COUNTRIES WHICH DO NOT APPLY BOYCOTT TO AREA OF TELECOMMUNICATIONS. WE WERE, THEREFORE, INTERESTED IN WHATEVER SUGGESTION AMBASSADOR MIGHT HAVE ON HOW WE MIGHT BEST APPROACH HIS GOVERNMENT ON THIS ISSUE AND WHETHER HE BELIEVED SAUDI ARABIA MIGHT, AS SEVERAL OTHER ARAB COUNTRIES HAVE, CHOOSE TO EXEMPT TELECOMMUNICATIONS AREA FROM BOYCOTT.

5. ALIREZA'S IMMEDIATE REACTION WAS TO REMARK THAT FCC  
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COULD GRANT A LICENSE TO RCA TO USE THE ATLANTIC SATELLITE AND OTHER TELECOMMUNICATION CHANNELS TO SAUDI ARABIA. IN THAT CASE, HE COULD NOT SEE WHY THERE SHOULD BE ANY LEGAL ACTION AGAINST FCC SINCE NO USG AGENCY WAS LIMITING TELECOMMUNICATION CARRIER. ALIREZA THEN WENT ON TO SAY THAT EACH COUNTRY HAS RIGHT TO CHOOSE WHOM IT WANTS TO PURCHASE ITS TELECOMMUNICATION SERVICES FROM. IF RCA WANTS TO DO BUSINESS IN SAUDI ARABIA, IT IS WELCOME TO

SEND ITS REPRESENTATIVES. RCA COULD GET OFF THE BLACKLIST  
IF IT WANTED TO. THIS WAS A DECISION COMPANY HAD TO TAKE

IF IT WANTS TO COMPETE. ALIREZA RECALLED THAT RCA HAD IN  
PAST DONE CONSIDERABLE BUSINESS IN SAUDI ARABIA WITH  
BROADCASTING AND TV STATIONS BEFORE IT GOT ON BLACKLIST.  
AMBASSADOR SAID HE WOULD PROBABLY NOT REPORT THIS CON-  
VERSATION TO HIS GOVERNMENT BEFORE HE HAD TIME TO GIVE  
SOME THOUGHT ON HOW DEAL WITH ISSUE. SPEAKING FRANKLY,  
HE THOUGHT USG HAD BEEN PUSHING SAUDIS TOO HARD ON BOYCOTT  
QUESTIONS AND SAG BECOMING INCREASINGLY SENSITIVE TO WHAT  
IT BELIEVED WAS CONCERTED CAMPAIGN DIRECTED ALMOST EX-  
CLUSIVELY AGAINST KINGDOM. DICKMAN SAID HE WANTED AM-  
BASSADOR BE AWARE OF THIS THORNY ISSUE. WE WOULD WELCOME  
ANY SUGGESTIONS OR IDEAS HE MIGHT HAVE SINCE THE SUBJECT  
MIGHT BE RAISED AGAIN IN FUTURE.  
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